



LOCAL IMPROVEMENT DISTRICTS (LIDS) FREQUENTLY ASKED QUESTIONS

Community Development Department ♦ 80 Columbia Avenue ♦ Marysville, WA 98270

Take a good look around your neighborhood. If improvements such as street paving, sidewalks or streetlights would enhance the appearance of your neighborhood, or installation of water or sewer lines would mean better service to you and your neighbors, you might want to learn more about LIDs, or Local Improvement Districts.

LIDs are a local approach of neighbors working together with government to improve the appearance of and services in their neighborhood. Here are some of the improvements you could seek:

- Pave your street or alley
- Build sidewalks
- Fix a stormwater problem
- Install a water or sewer system
- Install street lights
- Replace power poles with underground wiring
- Build a playground or park

What is an LID?

An LID is a specific geographical district formed by a group of property owners working together to bring needed capital improvements such as sidewalks, streetlights, street pavement or water or sewer lines. An LID is a financing method available to property owners for design and construction of those improvements. The City undertakes all aspects of design, financing and construction of improvements and sells bonds to provide cash for the project. Property owners within the benefit district repay the money through special assessments, usually over 10 to 20 years. Outside city limits an LID is called a Road Improvement District (RID), for road enhancements, ditches, etc. For more information on RIDs call the Snohomish County Public Works Department at (425) 388-3488.

Why form an improvement district?

Neighborhoods should consider forming an LID to fund improvements that would benefit each property owner. LIDs have several advantages. Perhaps the biggest benefit to those needing the improvements is LIDs provide a means of spreading the cost of the improvements among several property owners. This reduces the cost of improvements compared to the cost of charging an individual property owner.

What are the advantages of an LID?

Property owners are able to spread the cost of the improvements over a period of time and may take advantage of the City's ability to borrow money at lower interest rates than individuals. The larger, more expansive LIDs also allow property owners not familiar with construction, contracting, engineering or financing to depend on the City to undertake the process for them, acting as agent to manage the project's design and construction.

What are the disadvantages of an LID?

The process is long and complex, and may take longer than normal projects, due to public notice requirements, establishment of the Local Improvement District and public hearings.

How long does it take?

The actual time depends on a number of factors, including the scope of the proposed improvement. A typical LID may take 9 to 18 months, with a more complex LID, such as the street, storm drainage and utility improvements along 67th Avenue adjacent to Cedarcrest Municipal Golf Course, taking two years from the time an interest petition was submitted, to project completion.

Is there any limit on the size of an LID?

No. But the improvements and the geographical area should be sufficient size and type to benefit an entire neighborhood or community for total service and aesthetic appearance. LIDs are not confined to residential areas alone. They can enhance business districts or mixed use areas.

What is a ULID?

The "U" in ULID stands for Utility. ULIDs can be formed whenever the improvement involves a water or sewer system. They are formed for the same purpose and using the same methods as an LID. (When reading these frequently asked questions on this page, the terms LID and ULID are essentially interchangeable.)

What's the difference between an LID and a ULID?

The main difference between LIDs and ULIDs is the type of bond issued to finance the improvements. LID bonds are secured solely by assessments against the benefited property; with a ULID, revenue bonds are issued. These bonds are secured by property assessments to benefit property owners and net revenues to the City's water and sewer utility. Property owners in an improvement district can ask the City Council to form a ULID. The Council has the final decision on whether an LID or ULID will be formed.

Can I protest an LID?

Yes. If 60% or more of the property owners of the total assessable LID protest, the City Council is prevented by state law from proceeding. The percentage is calculated on dollar volume of assessments, not by percentage of signatures. However, this does not apply to ULIDs for sanitary sewers or water

mains where the Snohomish Health District has determined the necessity for such improvements. The Council then has the authority to authorize the ULID to proceed.

How do I protest?

In writing. List your name and spouse's name, street address, legal description of your property and any reasons for your protest. Written protests can be filed with the Public Works Department any time from the filing of the petition to 30 days after the public hearing date.

What costs are involved in an improvement district?

- . Construction costs
- . Engineering and surveying fees
- . Right-of-way and easement purchases
- . Property owner searches
- . Advertising, mailing and publishing costs
- . Accounting and clerical costs

Who is responsible for these costs?

Costs associated with an LID or ULID are assessed to each property owner in the improvement district.

Why doesn't the City pay for these improvements using taxes paid by citizens?

Marysville, like other local governments, is empowered with the task of planning such improvements as streets, sidewalks and curbs in order to assure uniform planning. But the truth is that except for arterials (heavily-traveled main roads), general tax dollars do not pay for streets, sidewalks and other improvements that many of us take for granted when the beneficiary is a specific group, such as a neighborhood. These have generally been paid for by local assessments to the property owner.

How does the City levy LID assessments?

All property owners are charged for the improvements based on the value received by their property from the improvements. Value is determined by the area of the property, how close the property is to the improvement and the lineal feet of the property bordering the improvements. Specific assessment methods include lineal feet of frontage, area, per unit basis and zoning.

GETTING STARTED

Most LIDs in the City of Marysville begin with one or more citizens inquiring about a specific capital improvement they would like to see in their neighborhood. Depending on the interest expressed within the neighborhood, Public Works Department staff members review these inquiries to see if the project appears feasible, and provide a pre-estimate of the cost. It must be emphasized that at this early stage in the process, the cost is nothing more than an estimate.

Informational packets are assembled outlining the proposed LID, its intended purpose and projected costs involved. This information is distributed to property owners within the proposed LID. Notice is

provided to property owners that informal neighborhood meetings will be held where property owners can discuss their concerns with City Public Works staff.

Proponents of the LID then gather signatures of other property owners and submit a Petition for Formation of an LID to the City. Public Works staff prepare the petition.

Are there any upfront, or initial, costs?

Yes. The petitioners are responsible for any and all preliminary costs and expenses incurred by the City in preparing for the formation of the LID should the LID be cancelled. A deposit will be required when the petition is submitted. If the LID is formed, this deposit will be credited to the petitioners' final assessments. If the LID is not formed, the deposit will be forfeited to the City.

How are payments made?

If the property owner does not pre-pay their assessment within the 30 days from the final assessment hearing, then the City will bill the property owners annually. The first annual payment is due about one year from the time of the final assessment hearing. Payments are divided into equal principal installments plus accrued interest.

Can payments be deferred?

A state law does exist that allows people who qualify to defer payments until the sale of the property or settlement of an estate in the case of death. This law contains income restrictions and is generally aimed at senior citizens on Social Security or on a fixed low income.

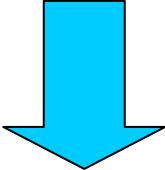
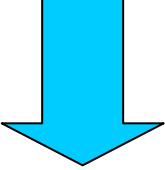
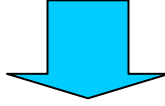
Questions?

Feel free to contact the City of Marysville Public Works Department at (360) 363-8100 weekdays between 7:30 a.m. – 4:00 p.m. Further information may be obtained by visiting the Marysville Public Works Department at 80 Columbia Ave.

Talk to your neighbors

Copies of a brochure are available at the Public Works Department and City Hall, 1049 State Avenue. If you would like to receive a copy by mail, please contact Doug Buell, Community Information Officer, at (360) 363-8000 or by e-mail at dbuell@marysvillewa.gov.

THE LID PROCESS FROM START TO FINISH

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| Petition for LID formation | <p>The process from this point is governed by state law. A Petition for Formation of an LID must first be submitted establishing that substantial support exists within the proposed LID boundaries</p> |
|  | <p>Public Works staff working with the City Attorney prepare a Resolution of Intent to create the LID and recommend adoption by the City Council</p> |
| | <p>Council review staff recommendations and Resolution at a Council meeting. If approved, an LID formation hearing date is set and staff is directed to proceed.</p> |
| | <p>Council holds a public hearing on the LID. Depending of the outcome, a Council majority may approve an ordinance to create the LID. A 30-day protest period commences.</p> |
| | <p>If property owners, representing at least 60% of the assessed value within the LID, file written objections within the protest period, the LID cannot go forward.</p> |
|  | <p>Time limit on appeals challenging the formation of the LID ends 30-days after the expiration of the protest period. Once the appeal time limit ends, no more challenges may be brought against the City or Council to proceed with the LID.</p> |
| | <p>When the legal appeal period ends, Council authorizes the final design work, project goes out to bid, contract is awarded and construction begins. This process can take up to 6-months, depending on the scope of the project.</p> |
|  | <p>Upon project completion and final acceptance by the City Council, the City tabulates the final cost and calculates the final assessment.</p> |
| | <p>After official notice is placed in the newspaper of record and property owners in the LID area are notified by mail, the City Council proceeds with a public hearing concerning the final assessment, then approves an assessment ordinance, followed by a 10-day appeal period.</p> |
| | <p>Final assessments are mailed to property owners and published in the City's official newspaper. LID property owners have 30-days to pre-pay their assessment.</p> |
| Bonds sold | <p>Bonds sold to cover project costs minus any pre-payments. Bonds repaid through LID assessments collected by the City each year.</p> |